

Testimony of

William Myles
Vice President of the Western Economic Council
Western Hamilton County, Ohio

Before the United States House of Representatives
Committee on Small Business

July 24, 2008

Re: "Economic Stimulus for Small Business: A Look Back and Assessing Need for
Additional Relief"

Thank you Chairwoman Velazquez, Ranking Member Chabot and all the members of this
Committee for the opportunity to speak today.

The Western Economic Council was founded twenty years ago as a non-profit economic
development group. Today our members represent nearly every aspect of life in the
western suburbs of Cincinnati, Ohio. As members, we voluntarily work to foster a greater
economic and built environment for our region.

In an effort to prepare for this hearing I asked our members a number of questions on the
subject. Much was revealed after several dozen conversations.

Consumer Rebates are being used in every imaginable way.

Recipients I spoke with are, respectively; paying bills, buying gasoline, buying a high
definition television, going on a trip, investing in long term savings, or just putting the
money on the side for a time when they may need it... and everything in between.

Who would argue any payment to consumers is not, in itself, positive for the economy?
An \$1800 check to a family of four with Adjusted Gross Income of \$70,000 is, by any
measure, something of a windfall.

Testimony of William Myles, V.P.
Western Economic Council
Before the U.S. House of Representatives
Committee on Small Business
July 24, 2008
Page 2.

One of our members shared a report of the international shopping centers trade group from earlier this year. It reported their tenants were crediting increased sales to the Consumer Rebates. Last week this same group reported those sales had leveled off and it expects a record number of their tenants will go out of business in 2008.

The anecdotal conclusion of the great majority of those I canvassed is that Consumer Rebates are helpful yet not enough to lift the economy out of a low spot in the business cycle. Rebates may never be reliable at stimulating the economy because they don't guarantee the desired change in behavior. Conversely, tax deductions are inherently reliable.

Generally, our members feel a better short and long term approach is to target benefits to those who have directly invested in the means of production of goods and services.

The owner of a Home Improvement Company hesitated last year to buy additional equipment. This year is a different story. He will hire more people to use this new equipment because of the tax benefits to small businesses. He and others like him will be creating a recurring "\$1800" payment to newly hired workers.

If the goal is to assist those suffering through a particular hardship, such as avoiding home mortgage foreclosure, perhaps specific legislation will be more efficient than broad one time Consumer Rebates as a solution. This was, along with transportation infrastructure improvements, a common alternative to Consumer Rebates suggested by our members.

Perhaps in the fullness of time empirical data will reveal the true impact of The Economic Stimulus Act of 2008. In the meantime, our members value the tax incentives as having a much greater effect on their businesses than Consumer Rebates. And they very much want you to know that continuing the tax incentives to small businesses is critical fuel for what has become the engine of the American economy.

Thank you again, on behalf of all our members.

